

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1126 – SB 993

April 17, 2017

SUMMARY OF ORIGINAL BILL: Prohibits a court from ordering payment of retroactive child support for more than five years unless the court finds that the obligor deliberately avoided service or otherwise knowingly impeded or delayed the imposition of a support obligation.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (007341): Deletes and rewrites the proposed legislation to prohibit any award of retroactive child support for a period of more than five years from the date the action for support is filed.

Replaces references to “obligor” and “obligee” with references to “custodial parent” and “noncustodial parent.”

If the court determines, for good cause shown, that a different award of retroactive child support is in the interest of justice, then the court may award a shorter or longer period of retroactive child support. The burden for showing a longer period of retroactive child support is in the interest of justice lies with the custodial parent. The burden for showing a shorter period of retroactive child support is in the interest of justice lies with the noncustodial parent.

Provides that nothing limits any claim for retroactive child support owed to the Department of Human Services.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – Potential recurring reductions in revenue to the Department of Human Services (DHS). The extent and timing of any reduced revenue to DHS cannot be quantified for such impact is dependent upon multiple unknown factors.

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Assumptions for the bill as amended:

- The Department of Human Services (DHS) reports that retroactive child support obligations totaling \$14,625,655 were owed in FY15-16.
- For every dollar of child support payments collected by DHS, the Department retains four percent. Of that four percent retained by the Department, approximately 66 percent is transmitted to the federal government as reimbursement for Temporary Assistance for Needy Families services, and approximately 34 percent is retained by DHS.
- In total, DHS retains approximately 1.36 percent ($\$1.00 \times 0.04 \times 0.34$) of every dollar collected by the Department.
- The proposed legislation will reduce the amount of retroactive child support that may be ordered by a court and could decrease the collection of child support payments by DHS. To the extent that collections are reduced, the proposed legislation will decrease revenue to DHS.
- The fiscal impact for the bill as amended is dependent upon multiple unknown factors such as the average decrease in retroactive child support ordered, the average collection rate by DHS, and the average time required to collect all obligations in arrears. Given the extent of unknown factors, the extent and timing of any reduced revenue to DHS cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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